

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

PURCHASED GAS ADJUSTMENT FILING)
OF WESTERN KENTUCKY GAS COMPANY) CASE NO. 7157-V

O R D E R

On December 6, 1978, the Commission issued its Final Order in Case No. 7157, approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On July 2, 1980, Western Kentucky Gas Company (the Applicant), filed with the Commission its Notice of an increase in rates from one of its suppliers, Texas Gas Transmission Corporation (Texas Gas).

On June 27, 1980, Texas Gas filed substitute Twenty-Eighth Revised Sheet No. 7 to its FPC Gas Tariff, Third Revised Volume No. 1. The purpose of this filing is to reflect changes in the cost of gas purchased pursuant to the provisions of Texas Gas' Purchased Gas Adjustment Clause approved by Commission Order issued July 31, 1972, in Docket No. RP72-156; the recovery of demand charge adjustments pursuant to the terms of Section 10.5 of the General Terms and Conditions of Texas Gas' tariff, as approved by Commission Order issued March 29, 1974, in Docket No. RP72-64; and changes in the Louisiana First Use Tax pursuant to the provisions of Section 25 of Texas Gas' Tariff, as approved by Commission Order issued May 9, 1979, in Docket No. RP79-31. Also, reflected in the filing are changes in costs associated with advance payments and the cost of transportation of gas by others. These changes are made pursuant to the provisions of Articles IX and XI of the Stipulation and Agreement approved by Commission Order issued October 11, 1979, in Docket No. RP78-94. Texas Gas has requested that the revised tariff sheet become effective on August 1, 1980.

On July 28, 1980, the Applicant filed an amendment to its Purchased Gas Adjustment in Case No. 7157-T to reflect a decrease in the original PGA request. This decrease reduced the PGA effective

July 1, 1980, by \$.0012 per mcf, from \$.9116 to \$.9104 per mcf.

On July 30, 1980, the Applicant filed an amendment to its Purchased Gas Adjustment in Case No. 7157-V due to the reduction received in Case No. 7157-T. The PGA requested in 7157-V must be reduced by \$.0012 per mcf, from \$1.0128 to \$1.0116.

The Applicant requests this revised Purchased Gas Adjustment be made effective August 1, 1980.

As a result of the changes effective as aforesaid the cost of gas to the Applicant for the twelve (12) months ended May 31, 1980, would have increased \$4,027,901.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds:

(1) That the Energy Regulatory Commission is being asked to approve a price increase already approved by the Federal Energy Regulatory Commission when it granted the Applicant's supplier, Texas Gas, a wholesale gas cost increase. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unfair and unjust to the Company and would ultimately result in higher rates to their consumers in any event. The Commission has (in writing) indicated its opposition to the procedures and regulations used by the Federal agency in approving these supplier increases since 1975. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

(2) That the Applicant's supplier, Texas Gas, has filed revised tariff sheets reflecting an increase in rates with the Federal Energy Regulatory Commission and said increase is to become effective August 1, 1980.

(3) That the application filed July 2, 1980, reflected Texas Gas' rates as filed with the FERC on June 27, 1980, to be effective August 1, 1980.

(4) That as a result of the reduction of the PGA in Case No. 7157-T Amended, the PGA requested in Case No. 7157-V must be reduced by \$.0012 per mcf, from \$1.0128 to \$1.0116 to be effective August 1, 1980.

(5) That the magnitude of this filing exposes the Applicant to substantial under-recovery of its gas costs if the rates are not implemented in a timely manner.

(6) That the Commission should waive its policy of requiring evidence of FERC acceptance in this case and allow the Applicant to place into effect subject to refund the rates set out in Appendix "A".

(7) That the Applicant's adjustment in rates under the Purchased Gas Adjustment provisions approved by the Commission in its Order in Case No. 7157, dated December 6, 1978, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

(8) That the Applicant's Base Supplier Rate for purchased gas will be as follows:

	<u>Demand/MCF</u>	<u>Commodity/MCF</u>
Texas Gas Transmission Corporation		
G-2	\$1.88	\$2.0731
G-3	2.36	2.1056
G-4	2.56	2.1355
Tennessee Gas Pipeline Company		
G-2	\$1.51	\$2.2233
GS-2	-	2.3135
Local Producers	-	\$2.1832

(9) That Applicant's adjustment in rates under the Purchased Gas Adjustment Clause, as set out in Exhibit D, page 1 of its Notice herein, in the amount of 101.16¢ per mcf, is fair, just, reasonable and in the public interest and should be allowed to become effective for service rendered on and after the date the increased cost of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that said Purchased Gas Adjustment sought by the Applicant, as set forth in Exhibit D, page 1 of its Notice, be and the same is hereby approved to be effective for service rendered on and after the date the increased cost of wholesale gas becomes effective, subject to refund, for all customers as set out in Appendix "A" attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Western Kentucky Gas Company shall maintain its records in such manner as will enable it, or the Commission, or any of its customers, to determine the amounts to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of the future application of the Purchased Gas Adjustment Clause of the Applicant the Base Rate for purchased gas shall be:

	<u>Demand/MCF</u>	<u>Commodity/MCF</u>
Texas Gas Transmission Corporation		
G-2	\$1.88	\$2.0731
G-3	2.36	2.1056
G-4	2.56	2.1355
Tennessee Gas Pipeline Company		
G-2	\$1.51	\$2.2233
GS-2	-	2.3135
Local Producers	-	\$2.1832

IT IS FURTHER ORDERED that the information furnished this Commission by Applicant on July 2, 1980, constitutes full compliance with the Commission's Order in Case No. 7157, and any other information ordinarily required to be filed under the Commission's Regulations is hereby waived.

IT IS FURTHER ORDERED that within thirty (30) days from the date of this Order, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 11th day of August, 1980.

ENERGY REGULATORY COMMISSION


For the Commission

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 7157-V DATED AUGUST 11, 1980

The following rates are prescribed for the customers in the area served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES:

Applicable to All Rate Schedules

Purchased Gas Adjustment

To each bill rendered under all rate schedules there shall be added an amount equal to; 101.16¢ per Mcf of gas used during the billing period.